

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

February 2004

## National Butter Price Rises Sharply . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for Cheddar cheese and nonfat dry milk remained fairly constant, but the butter price rose sharply. Consequently, whole milk prices increased and all other types of milk decreased: whole milk increased three and four tenths cents per gallon; reduced fat milk decreased six tenths cents per gallon; lowfat milk decreased three and four tenths cents per gallon; and skim milk decreased four and six tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

California milk production continues to remain steady or slightly less than last year levels. The holiday seasonal demands for dairy products coupled with sales promotions of butter, cheese, and ice cream reduced the levels of commodity storage inventories. The January return to normal school days and the Super Bowl weekend also provided a boost to consumer demand for dairy products. Nationally, total milk production, milk production per cow, and milk cow numbers continue to be flat or down slightly when compared to last year levels.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

### Minimum Prices for the Four Types of Fluid Milk by Container Size for March 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.182	\$0.591	\$0.295	\$0.148	\$0.098	\$0.074
Reduced Fat (2%)	\$1.036	\$0.518	\$0.259	\$0.130	\$0.086	\$0.065
Lowfat (1%)	\$1.946	\$0.473	\$0.237	\$0.118	\$0.079	\$0.059
Nonfat (Skim)	\$0.689	\$0.345	\$0.172	\$0.086	\$0.057	\$0.043
<b>Southern California</b>						
Whole Milk	\$1.205	\$0.603	\$0.301	\$0.151	\$0.100	\$0.075
Reduced Fat (2%)	\$1.060	\$0.530	\$0.265	\$0.132	\$0.088	\$0.066
Lowfat (1%)	\$0.970	\$0.485	\$0.243	\$0.121	\$0.081	\$0.061
Nonfat (Skim)	\$0.713	\$0.357	\$0.178	\$0.089	\$0.059	\$0.045
<b>Price Changes from the Previous Pricing Period</b>						
	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.034	\$0.017	\$0.009	\$0.004	\$0.003	\$0.002
Reduced Fat (2%)	\$0.006↓	\$0.003↓	\$0.001↓	\$0.001↓	\$0.000	\$0.000
Lowfat (1%)	\$0.034↓	\$0.017↓	\$0.008↓	\$0.004↓	\$0.003↓	\$0.002↓
Nonfat (Skim)	\$0.046↓	\$0.023↓	\$0.012↓	\$0.006↓	\$0.004↓	\$0.003↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

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## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

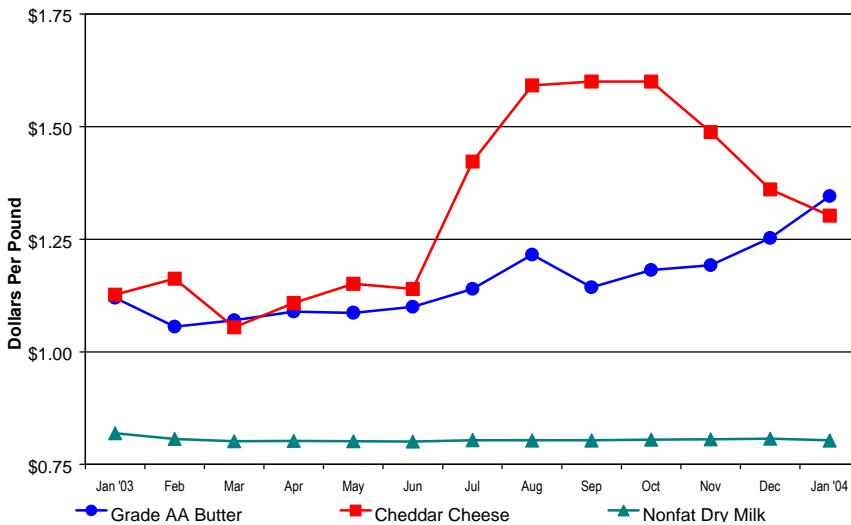
- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

May '03  
June  
July  
Aug  
Sept  
Oct  
Nov  
Dec  
Jan '04  
Feb

Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
\$0.18	\$1.07	\$0.41
\$0.18	\$1.08	\$0.42
\$0.18	\$1.08	\$0.42
\$0.18	\$1.13	\$0.44
\$0.18	\$1.13	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.15	\$0.44
\$0.18	\$1.16	\$0.45
\$0.18	\$1.16	\$0.45
\$0.19	\$1.27	\$0.49

### National Commodity Prices January 2003 - January 2004

#### Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



#### Lowest Reported Lawful Retail Prices for Milk February 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.25	\$2.13
2% Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.29	\$1.65
<u>Southern California</u>		
Whole Milk	\$4.19	\$2.10
2% Reduced Fat	\$3.95	\$1.98
1% Lowfat	\$3.95	\$1.98
Nonfat/Skim	\$3.23	\$1.62

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In accordance with the California Government  
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email at dairy@cdfa.ca.gov, or by contacting TDD  
1-800-735-0193.



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